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BEFORE THE ARIZONA CORPORATION COMMISSION  
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COMMISSIONERS

MIKE GLEASON, Chairman  
WILLIAM A. MUNDELL  
JEFF HATCH-MILLER  
KRISTIN K. MAYES  
GARY PIERCE

2008 JAN 14 P 4:59

AZ CORP COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF  
ARIZONA-AMERICAN WATER COMPANY,  
AN ARIZONA CORPORATION, FOR A  
DETERMINATION OF THE CURRENT FAIR  
VALUE OF ITS UTILITY PLANT AND  
PROPERTY AND FOR INCREASES IN ITS  
RATES AND CHARGES BASED THEREON  
FOR UTILITY SERVICE BY ITS SUN CITY  
WATER DISTRICT

DOCKET NO. W-01303A-07-0209

**NOTICE OF FILING LATE FILED  
EXHIBIT**

**NOTICE OF FILING LATE FILED EXHIBIT**

Arizona American Water Company hereby provides notice of filing the late filed Exhibit  
A-15 in the above-referenced matter.

**RESPECTFULLY SUBMITTED** on January 14, 2008.

Arizona Corporation Commission

**DOCKETED**

**JAN 14 2008**

DOCKETED BY

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4 Original and 13 copies **filed**  
5 on January 14, 2008, with:

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7 Docket Control  
8 Arizona Corporation Commission  
9 1200 West Washington  
10 Phoenix, Arizona 85007  
11

12 Copies of the foregoing **mailed** on  
13 January 14, 2008, to:

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15 Jane Rodda  
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17 Hearing Division  
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19 1200 West Washington  
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8 By:   
9 Courtney Appelhans  
10

CALCULATION OF THE ESTIMATED BILL IMPACT OF THE FIRE FLOW PROJECT  
THROUGH FCRM SURCHARGE

Line No.	Description		Phase I 2009	Phase II 2010	Phase III 2011	Phase IV 2012
1	Original Cost of Plant - Hydrants		\$882,000	\$0	\$749,000	\$289,000
2	Original Cost of Plant - Mains		234,000	1,190,000	529,000	1,245,000
3	Subtotal		<u>\$1,116,000</u>	<u>\$1,190,000</u>	<u>\$1,278,000</u>	<u>\$1,534,000</u>
4	Depreciation Expense					
5	Hydrants @	2.00%	17,640	0	14,980	5,780
6	Mains @	1.53%	3,580	18,207	8,094	19,049
7	Subtotal		<u>\$21,220</u>	<u>\$18,207</u>	<u>\$23,074</u>	<u>\$24,829</u>
8	Depreciation Net of Tax [a]		\$13,029	\$11,179	\$14,167	\$15,245
9	Rate of Return		7.71%	7.71%	7.71%	7.71%
10	Required Operating Income [b]		\$86,044	\$177,793	\$276,326	\$394,598
11	Operating Income Deficiency [c]		\$99,073	\$202,001	\$314,701	\$448,218
12	Gross Revenue Conversion Factor		1.628	1.628	1.628	1.628
13	Revenue Deficiency		\$161,291	\$328,858	\$512,333	\$729,699
14	Unit Cost per 1,000 gallons [d]		\$0.0344	\$0.0701	\$0.1093	\$0.1556
15	<b>Median Consumption = 6,500 gallons</b>					
	at Company Proposed Rates		\$14.94	\$14.94	\$14.94	\$14.94
	with FCRM Surcharge		\$15.16	\$15.40	\$15.65	\$15.95
	<b>Monthly FCRM Impact</b>		<b>\$0.22</b>	<b>\$0.46</b>	<b>\$0.71</b>	<b>\$1.01</b>
	Percentage Increase		1.5%	3.1%	4.8%	6.8%
16	<b>Average Consumption = 8,300 gallons</b>					
	at Company Proposed Rates		\$17.38	\$17.38	\$17.38	\$17.38
	with FCRM Surcharge		\$17.67	\$17.96	\$18.29	\$18.67
	<b>Monthly FCRM Impact</b>		<b>\$0.29</b>	<b>\$0.58</b>	<b>\$0.91</b>	<b>\$1.29</b>
	Percentage Increase		1.7%	3.3%	5.2%	7.4%

[a] Depreciation Expense x (1 - Tax Rate) = 61.40%  
Effective Tax Rate = 38.6%

[b] Cumulative Line 3 x Line 9

[c] Cumulative Line 8 + Line 10

[d] Line 13 / 4,688,598 1,000 gallons sold